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TO RUEHC/SECSTATE WASHDC 6293
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RUEHBU/AMEMBASSY BUENOS AIRES 4180
RUEHAC/AMEMBASSY ASUNCION 5575
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USTDA FOR AMCKINNEY

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SUBJECT: USTDA DIRECTOR TRAVELS TO BRAZIL, MEETS WITH MINISTER OF
TRANSPORTATION

¶1. Summary. (U) In a mid-July three-day visit to Brazil, USTDA Director Thelma Askey met with government leaders, industry officials and businessmen in Rio de Janeiro, Sao Paulo, and Brasilia. In addition, Ms. Askey signed four grants, totaling nearly US\$2 million, in support of priority Brazilian development projects using private sector expertise and technology. These grant agreements cover such diverse areas as technical assistance on emergency preparedness, water treatment, occupational health, and cargo handling. In addition to the grant agreements, USTDA and Brazil's National Development Bank (BNDES) signed a memorandum of understanding committing the two agencies to working together. Finally, USTDA formally entered in a public-private partnership with AmCham Sao Paulo to support a training seminar on IPR protection for the state's IPR enforcement officers. All these activities help further the goal expressed by the President during his November 2005 meeting with President Lula to increase bilateral trade. Specifically, USTDA efforts will be key in implementing the Commercial Dialogue initiated by Secretary Gutierrez and Minister of Development, Industry, and Commerce Furlan in June 2006. End Summary.

¶2. (SBU) During the course of her July 20 stay in Brasilia, Ms. Askey met with both local AmCham officials and Minister of Transportation Paulo Sergio Passos and his aides. At the latter meeting, Askey was accompanied by USTDA Policy/Program Director Geoffrey Jackson, USTDA Brazil Country Officer Anne McKinney, post's Deputy Senior Commercial Office and Charge. Passos opened the session by noting that his Ministry was working feverishly to improve Brazil's lagging port, road, and railroad infrastructure. The Ministry was in the process of putting together a national transport and logistics plan, focused on the principal lines of action in the short, medium, and long-term (i.e., out to the year 2023). The plan was to be completed in December 2006, and was designed to serve as a guide for the next president - whether that be a reelected Lula administration or an opposition government. (Note: This is not unusual. Under the GOB's 4-year planning cycle, each presidential administration is responsible for establishing goals/objectives for the last three years of its term plus the first year of the next government.)

13. (SBU) Passos stated that his Ministry was looking at how to move forward several priority projects, inter alia, expansion of the Port of Santos. The largest port in Latin America, with a capacity of 72 million tons a year, Santos was to be upgraded to an eventual capacity of 120 million tons a year through a three-phase construction program. Other key projects included expansion of the port of Itaquí in Northeastern Brazil, which currently mainly handles mining exports, so that it could also be used as a conduit for soybeans. In addition, the deep-water port of Sepetiba, near Rio de Janeiro, could be turned into a hub port if loading facilities, road access and railroad access were improved. Instead of handling principally minerals, as it does now, it could become one of the largest export platforms in Brazil, Passos declared. Finally, Passos said that the Ministry was considering how best to up grade the rail network in the western interior of Bahia state and that it would need a feasibility study done to consider its options. The Bahia rail project, he added, eventually could become one of the GOB's public-private partnership programs.

14. (SBU) Askey and Jackson outlined for their Brazilian interlocutors USTDA's expertise in infrastructure issues and noted that the agency had done much work in the past related to trade capacity (i.e., tracking cargo containers, streamlining customs clearance, etc). Passos expressed interest in USTDA's services and stated that this staff would be in touch with that agency's experts. Other possible areas for GOB-USTDA cooperation, he continued, could include the dredging of ports, improvement of the country's road network, and assistance with environmental studies.

15. (U) Post stands ready to assist in the full range of USTDA activities in Brazil.

16. (U) This cable was cleared by the USTDA delegation prior to

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transmission.

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